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THE BASIC ECONOMIC PROBLEMS AFFECTING NEW ENGLAND AGRICULTURE

(A discussion by E. H. Thomson, President, Federal Land Bank of Springfield, Mass., at the joint meeting of New England Association of Marketing Officials and New England Research Council, at Boston, Mass., February 1 and 2, 1923.)

I have been honored by being asked to appear on the program of this representative gathering, and am pleased to take part in this discussion not only because I have been interested along the lines of agricultural economics, but also because I am connected with an institution, the work of which comes in close touch with the economics of New England agriculture.

It is particularly gratifying that representatives of all the New England States should join hands in seeking the solution of problems before us, for I believe they are important enough and big enough to demand the attention of all. The problems of one New England State are much the same as those of another and I am confident that this Council of Research Workers cannot help but make great progress in their endeavors.

I have been asked to discuss those lines of research in agricultural economics which, from the standpoint of my work, seem important and basic in their relations to New England agriculture.

The Federal Land Bank of Springfield was organized in 1917 for the purpose of furnishing long term mortgage credit to the farmers of New England, New York and New Jersey. It is the policy of this bank to supplement the efforts of local institutions in promoting the welfare of New England agriculture. The loans are made on the long term amortization plan for a period of 20 or 33 years. Even though there is a small payment made on the principal every six months, the mortgage is not reduced more than half in the first 25 year period of a 33 year loan. The Federal Land Bank of Springfield is today loaning to New England farmers on this long term basis from \$300,000 to \$400,000 a month. The bank is collecting annually on the mortgage loans already placed on New England farms approximately \$750,000 in interest and payments on principal. It is obvious, therefore, that the work of the Federal Land Bank must be very closely associated with the agricultural interests of New England and especially awake to the economic changes that are occurring or are likely to occur in the future. I can do no better, therefore, in the few moments at my disposal than to mention some of these problems as I see them, and without making any attempt to answer them.

First, I see the need of a carefully prepared map of New England with respect to its present agriculture and the future trend in each district. This map should embody a summary of the census statistics on agriculture, on transportation, on markets, and such important features as affect its development and its welfare. Such a map should show at a glance the dairy regions, the potato growing sections, the fruit growing districts, the truck districts, and the like. More than that, such a work should analyze and set forth the districts where certain types of in-

dustries have developed and prospered, and other districts where they have failed. There are areas eminently fitted to one type of farming and unfitted to others. Very costly mistakes are being made by farmers everywhere in endeavoring to carry on certain types of farming, or more particularly continue types of farming, long ago unsuited to those districts.

I suggest, therefore, a basic analysis of New England agriculture showing not only its past, its present, but an endeavor to forecast the future. To illustrate: What is the future of a farm, say in Orange County, Vt., on which dairying has been carried on for two or three generations and which is being operated on a narrow margin of profit? Will this farm continue to be a dairy farm 20 years hence? Will a mortgage loan given to a competent party to buy that farm in the hopes of engaging in the dairy business be a safe loan in so far as the dairy industry will be a profitable industry in that district? Is there a chance that outside competition will make not only that farm but hundreds of other farms in our New England districts unprofitable or is there a possibility that conditions will be such that the farms in Orange County and elsewhere will become more profitable? Suppose the dairy farm mentioned is unprofitable - is there any other type of farming which can take its place or must we depend upon nature to give an income from that property? Must the Federal Land Bank in placing a loan on that dairy farm discount the dairy business entirely and place the loan on what the land is worth to grow timber? What is true of that dairy farm is true too with other types of farming. How permanent is the potato growing industry, the fruit industry, the tobacco industry, etc.?

Second, coupled with this permanency of agriculture in different areas are other questions which should have attention.

I have in mind a large farm in Massachusetts of approximately 800 acres. It has always been a good farm, is splendidly equipped with a large barn fitted for livestock, large old colonial house of which any man would be the proud owner, ample pasture and hay land for the maintenance of a herd of 50 to 70 head of cattle if properly managed, also an area grown up to young timber, part of which is nearly mature. This farm which has been a home to several generations of prosperous farmers is today a real problem and typical of thousands of others. Although near an improved highway, it is situated in an inland town about 11 miles from the railroad. The number of farms and the area of tillable land in this town have steadily decreased in the past 50 years. The number of farmers has decreased. Here and there an old farm no longer profitable to operate is sold for a summer home; on others nothing but the cellar and building foundations remain. This farm I have in mind would be called primarily a dairy or livestock farm but it is too far from the railroad to ship milk to market centers. It is situated in a good township but there are not enough farmers there to make it profitable to build a creamery to provide local market for the milk. It is not adapted to an intensive kind of farming. Potatoes that were grown on this place last year hardly paid for the harvest. The farm is too large to be operated by the owner and what kind of farming can he carry on that will pay for the hiring of help when towns within a radius of 10 or 12 miles are competing for that hired help by paying high wages in factories and mills. The young man who bought this farm two years ago has a real problem before him to know what kind of farming he should follow. The Federal Land Bank in placing a loan of \$10 per acre on this property has the question to answer, in what way is this loan to be paid? From the bank's standpoint the loan was based primarily on one consideration. By careful appraisal there are 800,000 feet of good, merchantable pine on this place and that crop alone will pay the mortgage. If this timber was not on the property any loan, even on this splendid appearing farm would

In many respects be hazardous. Resources in the form of land and buildings are valuable only in so far as they can be used economically and in a manner in which people are willing to become interested. The problem, therefore, of finding a profitable type of farming in these secondary regions is acute. The sick farm in New England is generally the one that is selling at from \$10 to \$20 per acre.

This problem of what to do with thousands of these New England farms situated right in our midst and within a few hours ride of large consuming centers is so acute that if it were not for the timber and wood resources, I doubt if the Federal Land Bank or any other institution could afford to make loans on these properties. I am confident that the timber and woodland question has been given altogether too little attention in the consideration of New England agriculture. It is the one crop today which will pay off more farm mortgages in some districts than all other crops combined. It is the one farm crop which grows and matures without the aid of the man. It is a cash asset on any property that is reasonably well located. Competent authorities tell me that if this wood and timber is given the same careful attention as other crops its value and the returns can be more than doubled. I am not sure as I traverse through southern Maine, southern New Hampshire and many parts of Vermont but what in the course of another generation thousands upon thousands of farms that are now being operated will be found growing up to pine and spruce.

I wish some student of agricultural economics would establish the date in New England when it became not only unpopular but unprofitable to cut pine trees out of the pasture because they were taking up room that should be left to grow grass. That date marked the turning point in the history of New England agriculture. Livestock as you all know will not eat the evergreen foliage. Young spruce and young pine start in the pasture, then spread and soon begin to occupy the major portion of it. Soon the pasture will not support the herd; then the herd is reduced and eventually sold. With the going of the livestock, the buildings go down and with the loss of these the farm soon takes its place with those that have gone before. This change comes on so gradually that sometimes we fail to recognize it.

Many of you undoubtedly have traveled through the Connecticut Valley from Greenfield, Mass. to White River Junction, Vt. and looked across the valley over the hills on the west side of New Hampshire. You cannot help but note the thousands of acres of young evergreen growth on those farms which 50 years ago supported large herds of cattle and sheep. You cannot help but note the decreased volume of agriculture in that same district, making it harder for those who remain to carry the overhead of the school tax, the road tax and to support local institutions. I know of one township in that district which 50 years ago embraced many thriving farms and local institutions which today has six registered voters within its borders. I am not saying, gentlemen, that this change is not the right one. I am not saying but what the pine and the spruce and the other growth should take these farms, but I do know that with this change comes many problems which for those that remain become more difficult to solve. Must we not determine what districts should be given up to nature in its replenishing growth and what districts should be devoted to agriculture and then lay our plans accordingly?

Changing Nationality of the Farmer.

Third, a feature which may affect the future of New England agriculture is the changing nationality of the farmers. Not so many years ago New England farmers

were all of one birth. Today it is not difficult to find districts largely owned by farmers of foreign birth. I refer to the colonies of Fins, French Canadians, Poles, Italians, and Hebrews, the ranks of all of which are increasing in numbers on our New England farms. What influence will these new races bring to our New England agriculture? In some cases they are buying the best farms in the best regions. In others they are buying the poor farms in remote and isolated regions. As a rule they are successful; among certain classes notably so. It is a subject for research for I believe it has an important bearing on the future of New England agriculture.

Effect of Decreased Production

Fourth, in most lines of industry the volume of production is a big factor in decreasing costs and enabling the producer to meet competition. In many ways this same principle applies to agriculture. Considerable study has been given to the question of relation of size of the farm business to the income of the farmer. There is also the question of the relation of volume of production in a region to the profitableness of the industry conducted in that region. For instance a co-operative creamery handling the milk from 200 farmers has a much smaller overhead per unit than that handling the product from 50 farmers. A seed potato association handling the product of a number of growers will be able to spend more money in advertising, inspection and management than any individual farmer can afford to expend. This also applies to fruit growers associations, poultry associations, and the like. It appears that one difficulty in the way of advancement and development of agriculture either on an independent basis or along organized lines, in some parts of our New England States, is the small volume of production. For instance, one of the most profitable farms that I know of is a property located in southern New Hampshire, near a small lake and in the midst of a large summer colony. This farmer has a ready market for strawberries, small fruit, milk and eggs at prices double those obtained in the general market. This particular farm is profitable but there is room for only one such farm in that district. It would seem desirable to have more information on the question of volume of production and consumption as related to New England agriculture, for it is through volume of production that other regions are able to undersell our own growers.

Effect of Good Roads and the Value of Farm Property.

Fifth, farmers and others are paying a large amount of taxes today for the building and maintenance of improved highways. These highways have added enormously to the desirability and value of farm property. There is a question, however, as to the effect that the construction of such roads have on farms not reached by these roads. In other words, a new State road traversing a certain district adds to the value of the property on that road but does it not lessen the value of farms remote from that road? This lessened value comes about through people wanting no other farms than those on State roads and willing to pay a higher price for these properties, but unwilling to take the inland properties at any price. It would seem that there is a fertile field of research in this direction to determine if possible the net result of improved highways in a rural district where all farms within a certain area are taken into consideration.

Sixth, the foregoing topics have been suggested because the work of the institution with which I am connected comes in intimate touch with these questions. There are one or two other points that I would like to bring to your attention in that they have a bearing on our New England agriculture as a whole.

I am convinced New England people are spending too much of their funds for food products grown in other regions. Part of this money should be spent for products grown on our own farms. I make this statement not that I have any quarrel with the farmers in other States, but solely in the interest of our home people in whose welfare we are interested. Last year the people in Boston bought at good prices large quantities of new potatoes grown 500 to 1000 miles from here, while carloads of the finest potatoes were being dumped into the Arcostock River by our own growers for the reason that the price would not pay the cost of transportation. We are sending tens of thousands of dollars to the States in the South and West for products which in the main may be considered a luxury because they are consumed out of season, but which as a rule can be grown as good or better here on our own farms. I do not mean by this that we should attempt to produce all of our food products. There are many things that we cannot grow as well or produce as cheaply as farmers in other States. These we should be content to buy, but too large a proportion of our good products consumed within our borders comes from without.

This condition not only adds to the difficulty of our farmers by decreasing their market and making their burdens harder but it adds to the difficulty of our industries, increasing the cost of living and labor and in some instances causing them to seek locations elsewhere.

We must create a spirit of co-operation, a spirit of pride in our own products and a willingness to back up that pride by the use of such products. We must be able to buy a New England apple in our fruit store. We must find our railroads advertising New England products in their dining cars instead of products grown 3000 miles away.

And this leads me to the point which I believe has a big influence on our New England agriculture, it is the lack of CONFIDENCE. Not until New England farmers stop being so pessimistic about their own business and about things in general will there be an improvement. There is no basic reason for the pessimism which prevails. Let us set about to find out the facts about our New England farms. Let us establish the districts and the types of farming which should have a basic right to continue. Let us encourage the ownership of lands by those races and classes of people, who are best fitted for the work and who promote the welfare of the Nation. Let us stimulate both industry and agriculture to obtain the benefits resulting from volume of production. Let us determine the effect of improved highways on all farms that we may develop a highway program that will give the greatest good to the greatest number. Then having once analyzed and found ourselves, let us develop confidence in the farm business. Confidence begets credit and credit when rightly used stimulates industry and the development of the resources at hand. I do not mean that we should exploit unwisely or promote things that are unsound, but we do need to believe more in our own Country before we can make the most out of it.

